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REFERENCE TITLE: **ASRS; termination option**

State of Arizona
House of Representatives
Forty-sixth Legislature
First Regular Session
2003

HB 2455

Introduced by
Representative Huppenthal

AN ACT

AMENDING SECTION 38-748, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-748, Arizona Revised Statutes, is amended to
3 read:

4 38-748. Employers; termination option

5 A. To encourage active members to continue to work beyond normal
6 retirement age, an employer may elect to offer to eligible employees who are
7 active members of ASRS a termination option as provided in subsection B of
8 this section.

9 B. An employer may enter into ~~an~~ A WRITTEN agreement with an eligible
10 active member who has attained at least a normal retirement age AND WHO HAS
11 AT LEAST FIVE YEARS OF CREDITED SERVICE that provides that if the member
12 agrees to and performs work for ~~up to~~ AT LEAST SIX BUT NOT MORE THAN
13 thirty-six months after the effective date of the agreement the member is
14 eligible to receive:

15 1. ~~Up to~~ AT LEAST SIX BUT NOT MORE THAN thirty-six months of credited
16 service in ASRS for the work performed under the agreement IF THE MEMBER
17 PURCHASES AN EQUAL AMOUNT OF CREDITED SERVICE PURSUANT TO PARAGRAPH 2. The
18 agreement shall provide that the employer and the member shall not make
19 RETIREMENT contributions to ASRS for the period of credited service BUT SHALL
20 MAKE CONTRIBUTIONS FOR THE LONG-TERM DISABILITY PROGRAM PURSUANT TO SECTION
21 38-797.05.

22 2. Eligibility to purchase credited service equal to the period that
23 the member has agreed to work. This purchase shall be made without regard to
24 previous public service, but the cost of the credited service shall be
25 determined as provided in section 38-743, subsection B USING THE CURRENT
26 ANNUAL COMPENSATION AT THE TIME OF ENTERING INTO THE AGREEMENT. A MEMBER MAY
27 PURCHASE NO MORE THAN AN AGGREGATE OF FIVE YEARS OF CREDITED SERVICE PURSUANT
28 TO THIS PARAGRAPH UNDER ALL AGREEMENTS THE MEMBER MAY HAVE WITH ANY ONE OR
29 MORE EMPLOYERS.

30 C. The member and employer shall make contributions as agreed between
31 the member and employer to be paid during the term of the agreement. These
32 contributions shall be paid into a supplemental defined contribution plan
33 established pursuant to section 38-952 for the purpose of purchasing the
34 additional credited service authorized by subsection B, paragraph 2 of this
35 section.

36 D. THE WRITTEN AGREEMENT ENTERED INTO PURSUANT TO SUBSECTION B OF THIS
37 SECTION SHALL INCLUDE CONDITIONS THAT CONSTITUTE A BREACH OF THE AGREEMENT
38 BETWEEN THE EMPLOYER AND THE MEMBER.

39 ~~D.~~ E. A member who does not complete the terms of the agreement
40 forfeits any credited service provided under the agreement, except that any
41 employer or member contributions to a supplemental defined contribution plan
42 are the property of the member or the member's estate. IF A MEMBER IS UNABLE
43 TO COMPLETE THE TERMS OF THE AGREEMENT DUE TO A TERMINATION OF EMPLOYMENT
44 BECAUSE THE MEMBER IS CONSIDERED TOTALLY DISABLED PURSUANT TO SECTION
45 38-797.07 OR BECAUSE OF DEATH, THE MEMBER IS CONSIDERED TO HAVE COMPLETED THE

1 AGREEMENT FOR THE PERIOD THROUGH THE DATE OF THE MEMBER'S TERMINATION OF
2 EMPLOYMENT. NOTWITHSTANDING THE SIX MONTH MINIMUM SERVICE REQUIREMENT OF
3 SUBSECTION B OF THIS SECTION, THE MEMBER OR THE MEMBER'S BENEFICIARY IS
4 ELIGIBLE TO PURCHASE AND RECEIVE CREDITED SERVICE, AS PROVIDED BY SUBSECTION
5 B OF THIS SECTION, FOR THE PERIOD OF THE AGREEMENT THAT WAS COMPLETED.

6 ~~F.~~ F. An employer who fails to complete the terms of the agreement
7 shall make all contributions required by the agreement to the supplemental
8 defined contribution plan.

9 ~~G.~~ G. A member who enters into an agreement under this section is not
10 eligible to purchase other credited service for other public service as
11 provided in section 38-742, 38-743, 38-744 or 38-745.

12 H. IF A MEMBER TRANSFERS EMPLOYMENT BETWEEN STATE AGENCIES OR FROM ONE
13 PARTICIPATING EMPLOYER TO ANOTHER PARTICIPATING EMPLOYER, THE MEMBER AND THE
14 MEMBER'S SUCCESSOR AGENCY OR EMPLOYER MAY COMPLETE THE TERMS OF THE AGREEMENT
15 IF THE SUCCESSOR AGENCY OR EMPLOYER AGREES TO ASSUME ALL REMAINING
16 OBLIGATIONS OF THE PRIOR AGENCY OR EMPLOYER UNDER THE TERMS OF THE AGREEMENT
17 BETWEEN THE MEMBER AND THE PRIOR AGENCY OR EMPLOYER. A MEMBER MAY HAVE ONLY
18 A ONE AGREEMENT IN EFFECT AT ANY ONE TIME WITH A SINGLE AGENCY OR EMPLOYER.